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Five Tools And Technologies To Measure Engagement

This is the first document in the “Measuring Customer Engagement” series.

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EXECUTIVE SUMMARY

Measuring engagement is no simple task: It requires a cross-channel, data-intensive approach that strains today’s measurement processes and the underlying technology that supports them. Furthermore, marketers attempting to measure engagement without the proper tools often find themselves lacking the infrastructure to make engagement an ongoing effort. Forrester has defined five key tools and technologies that marketers need to put in place an engagement-driven measurement methodology across their enterprise.

CONSTRUCTING AN ENGAGEMENT MEASUREMENT PLATFORM

Customer engagement is a hot concept but difficult to put into practice today.¹ Why? Quantifying engagement is hard, with challenges that run the gamut — from organizational silos that prevent data sharing to outdated measurement processes that favor old-line advertising metrics to a lack of supporting technology infrastructure.

Over the coming months, Forrester will tackle these process and technology challenges in a series of reports on how to measure engagement. For this first report, we address the fundamental tools and technologies required to support this new model. To improve cross-channel measurement while not drowning in the huge data volumes, marketers need:

- 1. A centralized customer data repository to establish a system of record.** Most marketers to whom we’ve spoken still lack the most fundamental tools to measure engagement — a trustworthy source for customer and prospect data. This hampers their ability to create a consolidated view of the customer’s relationship with the company. Marketers have different options when it comes to creating a customer database. Some marketers use the general enterprise warehouse while others build a marketing-specific and customer-centric data warehouse from scratch.² Regardless of the approach, one theme remains constant: Marketers don’t attempt to build this data repository on their own. Instead, they turn to their IT organizations or technology partners like Accenture, Epsilon Data Management, or Merkle.
- 2. Analytics tools to help understand customer behavior.** With the growing popularity of the Internet as a channel to research, browse, and buy products and services, a great deal of consumer engagement occurs online. But online isn’t just about simple transactional relationships. Consumers increasingly use online channels to share feedback, create and distribute content, and broadcast opinions. And online channels are only part of the overall picture; people continue to interact with brands through traditional channels such as kiosks, store fronts, call centers, mass media, and



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personal interactions. To harness these insights, marketers should rely on analytics tools like SAS Institute, SPSS, and Omniture to understand how their consumers engage with the brand across all channels, not just online.³ These tools work off the customer database to calculate and deliver metrics that help marketers assess the engagement levels of their customers.

3. **Brand monitoring tools to amplify customer feedback across media channels.** The growing popularity of social tools like blogs, wikis, and social networking Web sites means consumers have numerous venues, outside the organization's control, to voice their attitudes and preferences. Brand monitoring tools like Nielsen Buzzmetrics and TNS Media Intelligence Cymfony help marketers understand how consumers perceive and interact with the brand in channels not traditionally controlled by marketers.⁴ These tools collect, organize, interpret, and deliver information about the strength and type of consumer sentiment. This allows marketers to answer important questions like: "What are our consumers saying about us?" "Are they influencing their peers in a positive or negative manner?" "What are our consumers asking for?"
4. **Ethnographic research to expand the breadth of customer insight.** Quantitative data is extremely important, but it only tells you *what* people do, not *why* they do it. Ethnographic techniques like in-context interviews, observational studies, and participatory design tasks help shed immense light on why people behave a certain way and how they perform those activities. In-depth interviews and open-ended surveys provide insight into brand affinity and the drivers of loyalty. All of these soft metrics must play a role in determining customer intimacy and influence. Firms like Cheskin Added Value and Design Continuum help marketers identify, and make sense of, rich qualitative insight.
5. **Measurement dashboards to share results with a wide audience.** Technical measurement is only one part of the equation. Marketers need to socialize the information across a wide group of stakeholders like sales, finance, customer service, and upper management. How? By using dashboard tools like those provided by Sharp Analytics (now iCrossing) and Tableau Software, which help marketers create and share reports within the organization.⁵ These technologies, unlike older systems, are based on technologies like Adobe Flash and Adobe Flex that deliver extensive visualization capabilities and make the creation of custom dashboards much simpler than before.

WHAT IT MEANS

SERVICES PROVIDERS WILL FACILITATE ENGAGEMENT MEASUREMENT

Today, engagement initiatives often take a channel-centric approach. Interactive marketers focus on measuring engagement on their Web sites and online channels while VPs of advertising and brand marketers take a mass media-centric approach. Additionally, the definition of engagement varies across firms, and dashboard tools won't deliver all the reports needed out of the box.

- **Marketers will first embark on engagement measurement alone.** As the engagement concept picks up steam, marketers will feel compelled to act. But only those with deep organizational commitment will succeed. The majority will find it difficult to integrate data properly, work with unfamiliar technologies, and cull insight to nail engagement. The result? Those who fail will become discouraged and believe that engagement measurement doesn't work only to discover that they are losing market share to engagement-centric competitors.
- **Marketers will then turn to their most familiar partners.** Marketing has a long history of working with partners such as agencies, creative shops, strategy firms, and market research firms. As with previous strategic initiatives like entry into new markets or establishment of an online channel, marketers will again turn to their partner network to solve the engagement problem. But who they turn to will depend on who's leading the initiative internally. For instance, direct and database marketers look to partners like Epsilon Data Management, Merkle, or The Allant Group; interactive marketers will turn to agencies like Digitas or Sapient; while CMOs will turn to Accenture, Bain, or McKinsey.
- **As engagement measurement matures, marketers will bring the skills back in-house.** Engagement will evolve beyond simply measuring behavior to actively incorporating the insights into long-term strategic plans and daily decisions about customer interactions. This means that marketing organizations can ill afford to leave valuable intellectual property in the hands of their partner ecosystem. To solve this problem, the most innovative marketers will create the role of chief engagement officer who will own the internal engagement center of excellence. This engagement center of excellence will identify key engagement metrics and make them actionable across the entire organization.

ENDNOTES

- ¹ Marketers need a new approach to understanding customers and prospects. This new type of measurement — engagement — encompasses the quantitative metrics of site visits and transactions, the qualitative metrics of brand awareness and loyalty, and the fuzzy areas in the middle best characterized by social media. See the August 8, 2007, "[Marketing's New Key Metric: Engagement](#)" report.
- ² Marketers tell us that they idealize a technology solution that would integrate their complete multichannel marketing process. Forrester refers to this solution as an enterprise marketing platform that is underpinned by a centralized customer database. See the May 7, 2007, "[The Enterprise Marketing Software Landscape](#)" report.
- ³ Forrester tracks the time consumers say they spend with seven different kinds of media. When we drilled into three activities — television viewing, PC use, and Internet use — it became obvious that on average the PC and the Internet are much more important for young consumers than for older consumers. Over the past three years, consumers report watching less TV on average — 0.4 hours less in 2006 than in 2004 — while over the same period, their Internet use has expanded from 5.5 hours per week to 7.4 hours per week. See the January 4, 2007, "[Consumers' Behavior Online: A Deep Dive](#)" report.

- ⁴ As Social Computing continues to manifest itself in society, communities will take a greater portion of power from institutions. This shift is well underway in the media industry in particular. See the February 13, 2006, "[Social Computing](#)" report.
- ⁵ This document builds on the primary research reported in "Developing And Using Marketing Dashboards," written by Cindy Commander for Forrester's CMO Group. The CMO Group is part of Forrester Leadership Boards, an executive peer network that brings marketing leaders of billion-dollar-plus companies together to share insights into changing consumer behavior and evolving trends.